Macro Pulse

Quarterly Economic Newsletter for Small Business Leaders

Q1 2026

Data through March 2026

This quarterly Macro Pulse gives owners and leadership teams of small and lower middle-market companies a clear view of the economic conditions that drive cash flow, hiring, borrowing, and growth decisions. The newsletter tracks sixteen indicators with multi-year history, the direction of trend, and a plain-language read on what each one means. It also provides a brief Sector Lens on healthcare, construction, and manufacturing – the three industries where Black Diamond CFO Solutions focuses.

THE HEADLINE

Energy prices jolted a solid economy. Inflation re-accelerated in March.

Growth and hiring held up in the first quarter, and business credit expanded. In March, fuel prices rose with the Iran conflict, consumer prices jumped, and small-business optimism fell below its long-run average. The Fed held its target range at 3.50%–3.75% throughout the quarter.

At-a-Glance Trend Snapshot

Indicator	Prior	Latest	Change	Direction	Sentiment	Data through
Real GDP growth	0.2%	**2.5%**	+230 bp	▲ Up	Favorable	Q1 2026
CPI inflation (QoQ)	0.72%	**0.79%**	+7 bp	● Stable	Neutral	Mar 2026
PPI final demand (QoQ)	0.87%	**1.54%**	+67 bp	▲ Up	Unfavorable	Mar 2026
Consumer sentiment	52.5	**55.4**	+2.9	▲ Up	Neutral	Mar 2026
NFIB small business optimism	98.9	**98.0**	−0.9	▼ Down	Unfavorable	Mar 2026
Unemployment rate	4.5%	**4.3%**	−12 bp	▼ Down	Favorable	Mar 2026
Wage growth (ECI, QoQ)	0.74%	**0.75%**	+1 bp	● Stable	Neutral	Q1 2026
Bank prime rate	7.02%	**6.75%**	−27 bp	▼ Down	Favorable	Q1 2026 avg.
10-year Treasury yield	4.10%	**4.20%**	+10 bp	▲ Up	Neutral	Q1 2026 avg.
SOFR (quarterly average)	3.99%	**3.66%**	−34 bp	▼ Down	Favorable	Q1 2026 avg.
Banks tightening (small firms)	8.3%	**8.9%**	+0.6 pts	● Stable	Neutral	Jan 2026 survey
C&I loan growth (QoQ)	0.81%	**2.92%**	+211 bp	▲ Up	Favorable	Mar 2026
Industrial production	101.25	**101.53**	+0.28	▲ Up	Favorable	Mar 2026
Construction spending (QoQ)	-0.78%	**-1.39%**	−61 bp	▼ Down	Unfavorable	Mar 2026
M&A deal count (N. America)	4,939	**5,367**	+428	▲ Up	Favorable	Q1 2026
Small business sales (BizBuySell)	2,277*	**2,345**	+68	▲ Up	Favorable	Q1 2026

Prior = preceding quarter on current, revised data. Change for rates and growth figures is in basis points (bp); bank lending standards in percentage points. Sentiment reflects Black Diamond CFO Solutions' assessment of what each reading means for a small business, not only the direction of change. Changes of less than 10 bp are treated as Stable and Neutral. * Derived from BizBuySell's 2025 annual total.

Executive Highlights: What Matters for Owners

The first quarter started strong and ended uneasy. GDP grew at a 2.5% annualized rate, unemployment eased to 4.3%, and business lending posted its strongest quarter since 2022. In March, energy prices rose with the Iran conflict: monthly CPI increased 0.9%, and annual inflation reached 3.3%, up from 2.4% in February. Consumer and small-business sentiment both declined in March.

- **Growth was solid.** Real GDP grew at a 2.5% annualized rate in Q1, up from 0.2% in Q4, a quarter that included the federal government shutdown.
- **Inflation jumped in March.** CPI rose 0.79% for the quarter, close to Q4's 0.72%, but March alone added 0.9% as fuel prices climbed. Annual CPI reached 3.3% in March, and producer prices rose 1.5% for the quarter, the fastest pace since 2022.
- **Small businesses lost confidence in March.** The NFIB index fell 3 points to 95.8 in March, below its 52-year average of 98 for the first time since April 2025.
- **Borrowing costs eased, then stalled.** Prime averaged 6.75% after the Fed's December cut, and SOFR fell below 3.7%. The Fed held rates in Q1, and the 10-year Treasury rose to 4.20%.
- **Credit expanded.** C&I loans grew 2.9%, the strongest quarter since 2022, while a net 8.9% of banks reported tightening standards for small firms.
- **Deal activity remained healthy.** IMAA counted 5,367 North American M&A deals, the most since late 2022. BizBuySell reported 2,345 small-business sales at a 2.7x average cash-flow multiple.

The pages that follow present each indicator with a quarterly chart from Q1 2021 forward (from Q1 2025 for BizBuySell), the latest reading versus the prior quarter, a favorable, neutral, or unfavorable sentiment, and the data source. The Sector Lens follows the indicator pages.

Real Gross Domestic Product (GDP)

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
2.5%	0.2%	+230 bp	▲ Up	Favorable	Q1 2026



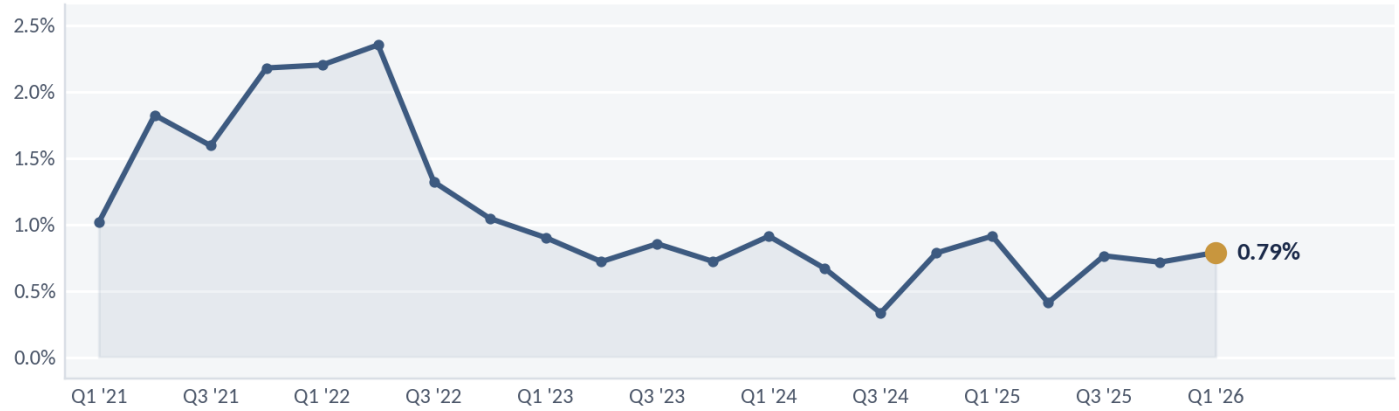
What it measures: Inflation-adjusted value of all final goods and services produced in the U.S.; quarterly percent change at a seasonally adjusted annual rate.

What it means: Growth rebounded to 2.5% from 0.2% in Q4, a quarter that included the federal government shutdown. Values reflect BEA's September 2026 annual revision.

Source: U.S. Bureau of Economic Analysis, via FRED (A191RL1Q225SBEA)

Consumer Price Index (CPI)

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
0.79%	0.72%	+7 bp	● Stable	Neutral	Mar 2026



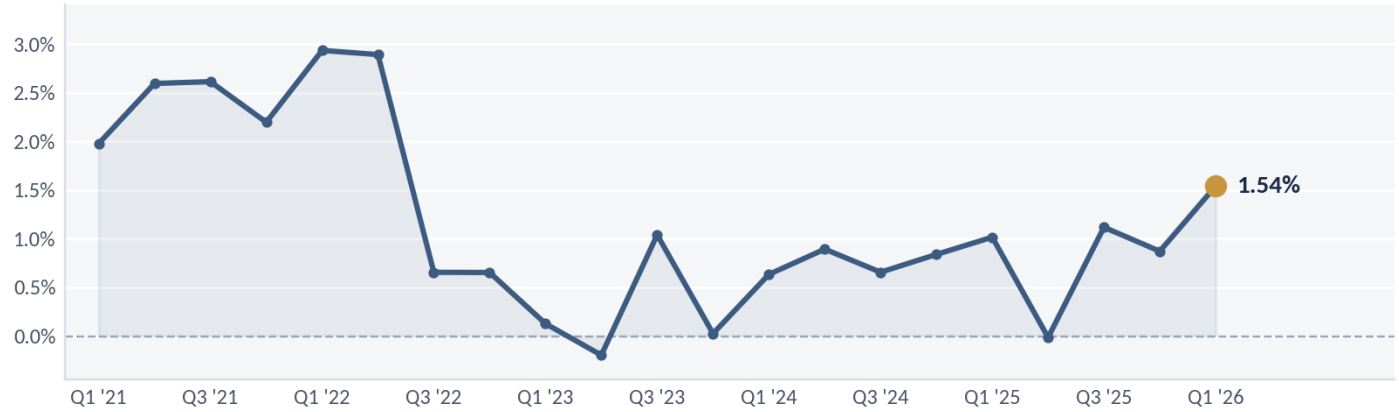
What it measures: Average change in prices urban consumers pay for a basket of goods and services. Values are the percent change in the quarterly average of the seasonally adjusted index versus the prior quarter.

What it means: Consumer prices rose 0.79% for the quarter, close to Q4's 0.72%, but March alone rose 0.9% as fuel prices climbed. Annual CPI reached 3.3% in March, up from 2.4% in February.

Source: U.S. Bureau of Labor Statistics, via FRED (CPIAUCSL)

Producer Price Index (PPI), Final Demand

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
1.54%	0.87%	+67 bp	▲ Up	Unfavorable	Mar 2026



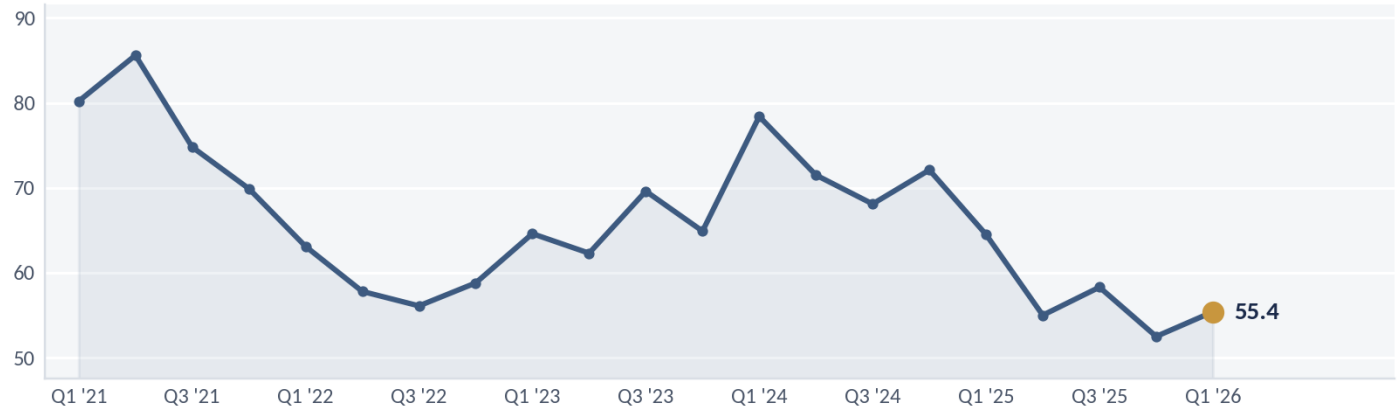
What it measures: Prices domestic producers receive for goods, services, and construction sold to final users. Values are the percent change in the quarterly average of the seasonally adjusted index versus the prior quarter.

What it means: Producer prices rose 1.5% for the quarter, up from 0.9% in Q4 and the fastest pace since 2022.

Source: U.S. Bureau of Labor Statistics, via FRED (PPIFIS)

Consumer Sentiment Index (University of Michigan)

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
55.4	52.5	+2.9	▲ Up	Neutral	Mar 2026



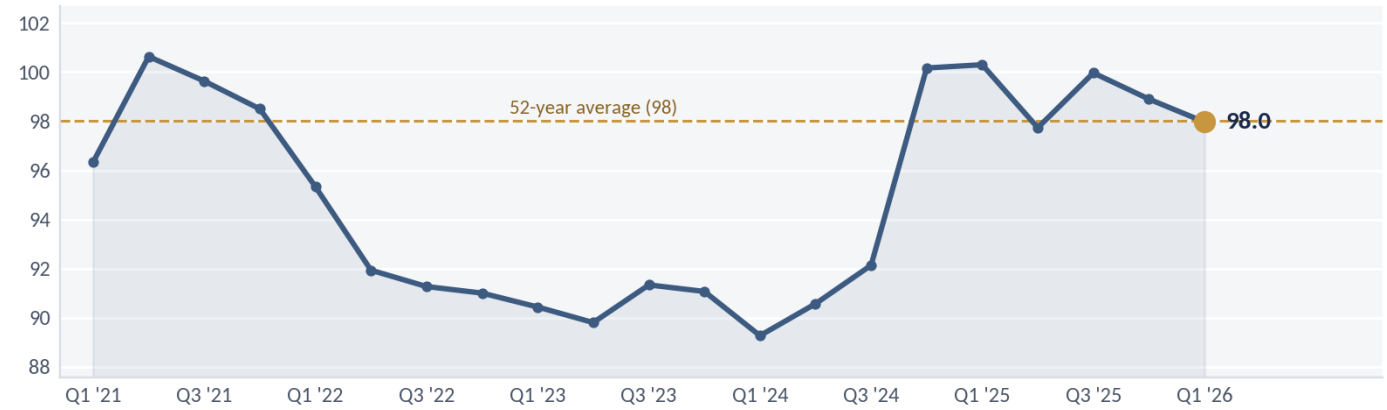
What it measures: University of Michigan Index of Consumer Sentiment (1966:Q1 = 100), based on household views of finances, business conditions, and buying plans. Values are quarterly averages of monthly readings.

What it means: Sentiment averaged 55.4, up from 52.5 in Q4. Monthly readings declined from 56.6 in February to 53.3 in March.

Source: University of Michigan, Surveys of Consumers, via FRED (UMCSENT)

NFIB Small Business Optimism Index

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
98.0	98.9	−0.9	▼ Down	Unfavorable	Mar 2026



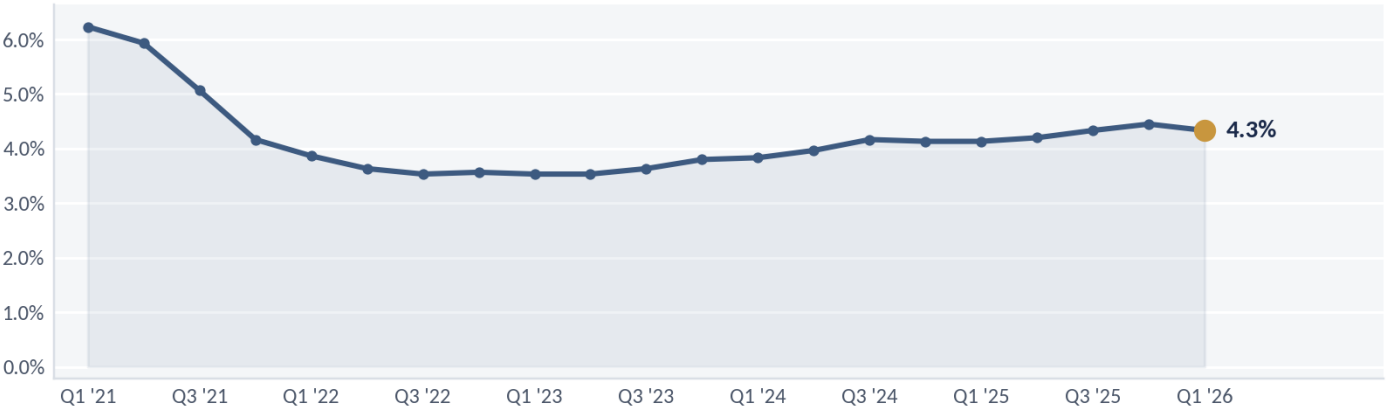
What it measures: Monthly survey of NFIB member firms covering hiring plans, capital spending, sales and earnings expectations, and credit conditions (1986 = 100; 52-year average = 98). Values are quarterly averages of monthly readings.

What it means: Optimism averaged 98.0, down from 98.9 in Q4. March fell 3 points to 95.8, below the 52-year average of 98; survey coverage tied the drop to the Iran conflict, renewed inflation, and supply chain disruptions.

Source: National Federation of Independent Business, Small Business Economic Trends

Unemployment Rate

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
4.3%	4.5%	−12 bp	▼ Down	Favorable	Mar 2026



What it measures: Share of the labor force without a job that is actively looking and available for work. Values are quarterly averages of monthly readings.

What it means: Unemployment averaged 4.3%, down from 4.5% in Q4 2025.

Source: U.S. Bureau of Labor Statistics, via FRED (UNRATE)

Wage Growth (Employment Cost Index: Wages & Salaries)

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
0.75%	0.74%	+1 bp	● Stable	Neutral	Q1 2026



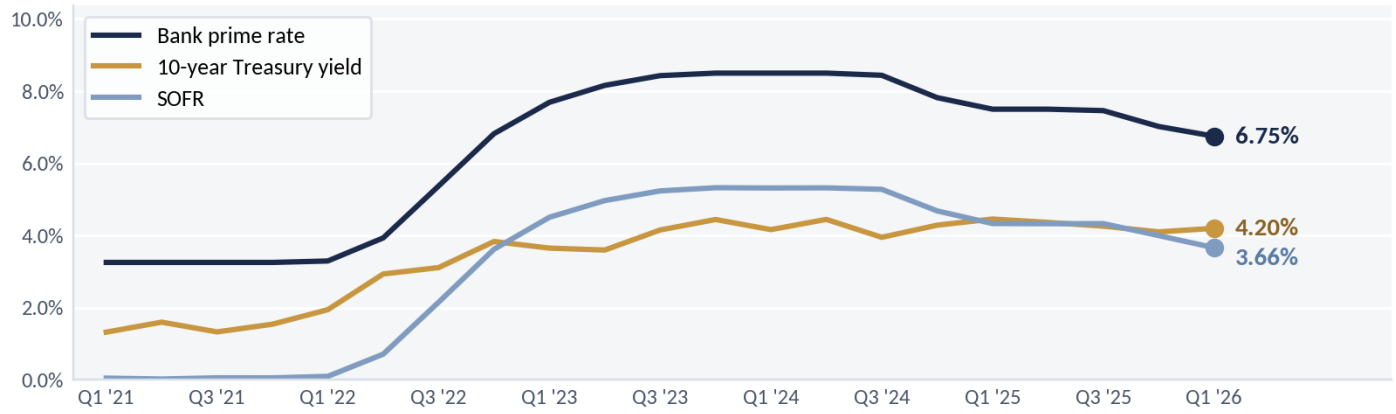
What it measures: Quarterly percent change in the BLS Employment Cost Index for wages and salaries, all civilian workers, seasonally adjusted. The ECI holds job mix constant, so it tracks the underlying cost of labor.

What it means: Wage costs rose 0.75% in Q1, about 3.0% annualized and unchanged from Q4, slightly below the 3.3% annual CPI rate in March.

Source: U.S. Bureau of Labor Statistics, via FRED (CIS10200000000000I)

Benchmark Borrowing Rates: Prime, 10-Year Treasury, and SOFR

	LATEST	PRIOR QTR	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
Prime	6.75%	7.02%	−27 bp	▼ Down	Favorable	Q1 2026 avg.
10-yr Treasury	4.20%	4.10%	+10 bp	▲ Up	Neutral	Q1 2026 avg.
SOFR	3.66%	3.99%	−34 bp	▼ Down	Favorable	Q1 2026 avg.



What it measures: Prime is the base rate for most variable-rate business lines and SBA 7(a) loans. The 10-year Treasury yield anchors term debt and commercial real estate financing. SOFR (the Secured Overnight Financing Rate) is the benchmark for many floating-rate commercial loans. All three values are quarterly averages of daily or monthly rates.

What it means: Prime averaged 6.75% for the full quarter after the Fed's December 2025 cut, down from 7.02% in Q4, and SOFR declined with it. The 10-year Treasury rose about 10 bp to 4.20%. The Fed held its target range at 3.50%–3.75%.

Sources: Federal Reserve Board H.15 via FRED (DPRIME, GS10); Federal Reserve Bank of New York via FRED (SOFR)

Bank Lending Standards for Small Firms

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
8.9%	8.3%	+0.6 pts	● Stable	Neutral	Jan 2026 survey



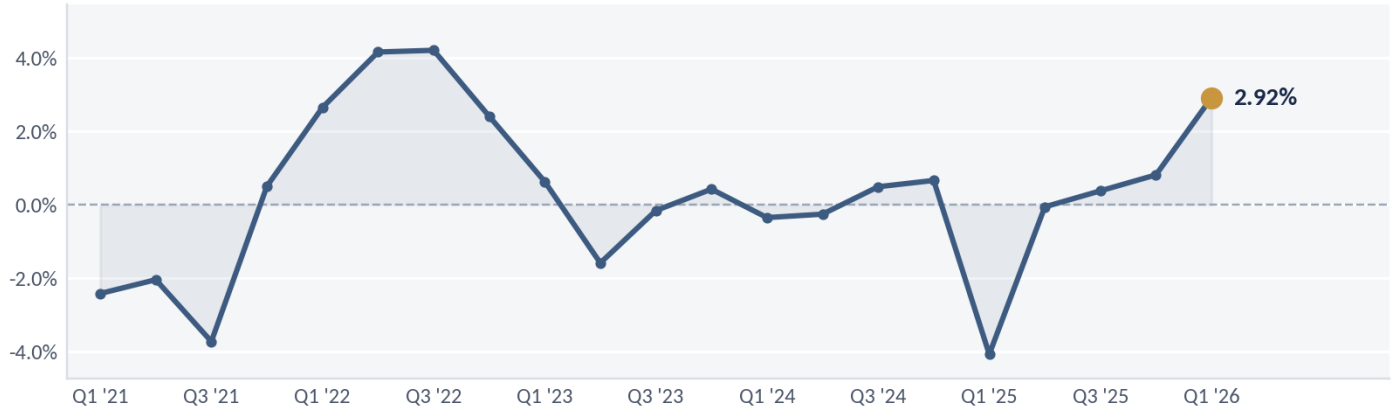
What it measures: Net percentage of domestic banks tightening standards on commercial and industrial loans to small firms, from the Federal Reserve's quarterly Senior Loan Officer Opinion Survey. Positive readings mean more banks are tightening than easing.

What it means: A net 8.9% of banks tightened standards for small-firm C&I loans in the January survey, little changed from 8.3% in October.

Source: Federal Reserve Board, Senior Loan Officer Opinion Survey, via FRED (DRTSCIS)

Commercial & Industrial Loans, All Commercial Banks

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
2.92%	0.81%	+211 bp	▲ Up	Favorable	Mar 2026



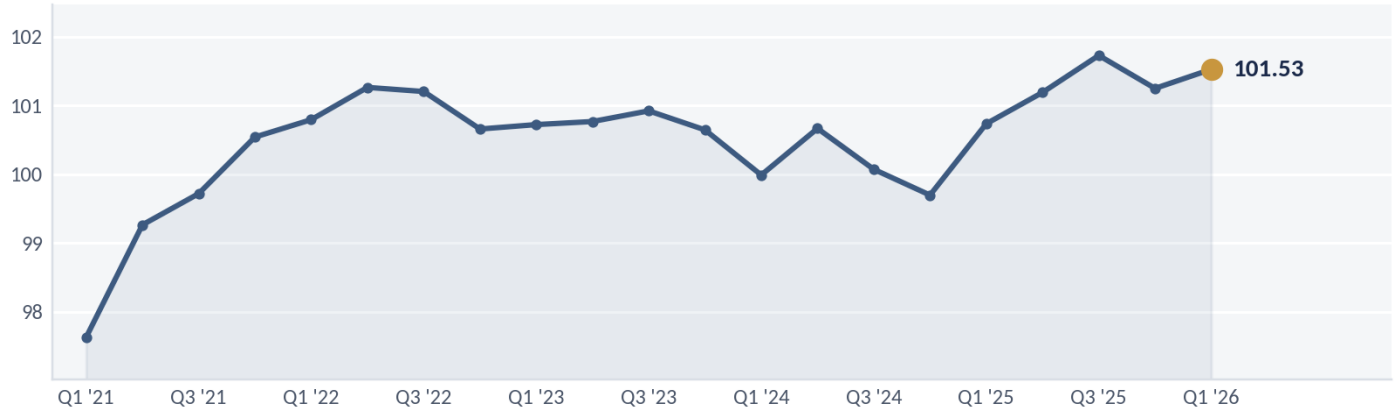
What it measures: Percent change in the quarterly average of seasonally adjusted business loans outstanding at U.S. commercial banks: working capital, equipment, and other short- and medium-term credit.

What it means: Business loans grew 2.9%, up from 0.8% in Q4 and the strongest quarter since 2022.

Source: Board of Governors of the Federal Reserve System, H.8, via FRED (BUSLOANS)

Industrial Production Index

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
101.53	101.25	+0.28	▲ Up	Favorable	Mar 2026



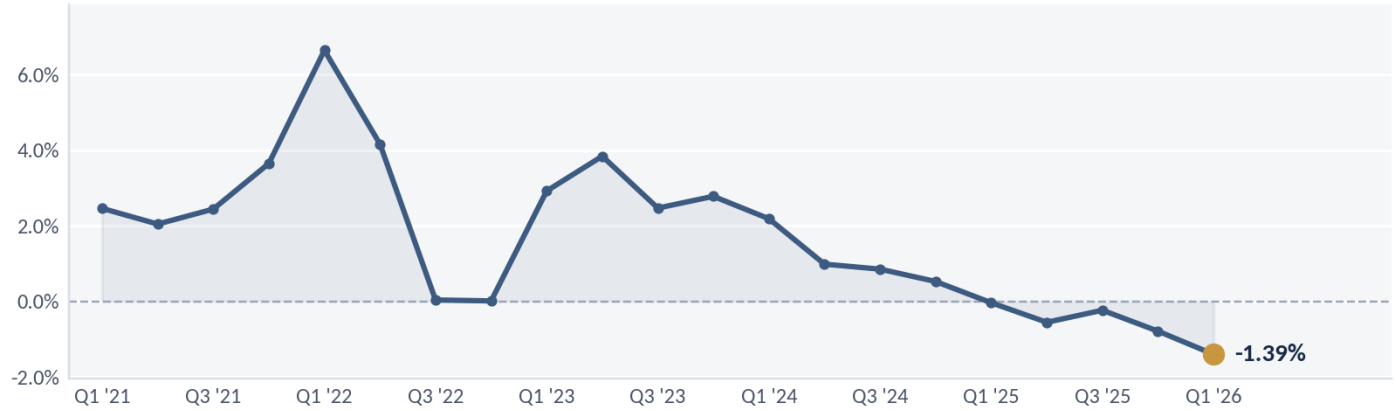
What it measures: Real output of U.S. manufacturing, mining, and electric and gas utilities (2017 = 100), published monthly by the Federal Reserve Board. Values are quarterly averages.

What it means: Output edged up to 101.5. The ISM Manufacturing PMI moved above 50 in January for the first time since January 2025 and stayed in expansion through March.

Source: Board of Governors of the Federal Reserve System, G.17, via FRED (INDPRO)

Total Construction Spending

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
-1.39%	-0.78%	−61 bp	▼ Down	Unfavorable	Mar 2026



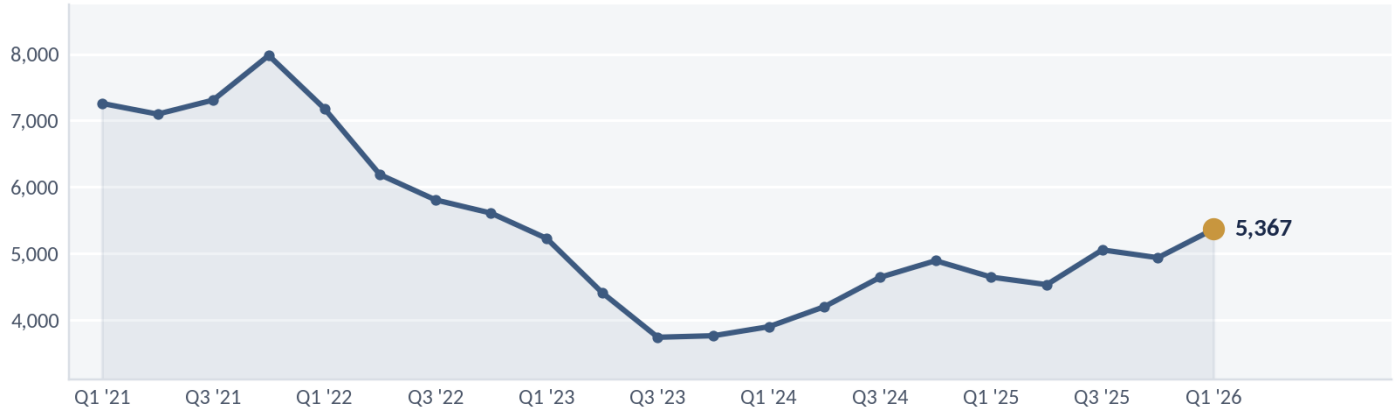
What it measures: Percent change in the quarterly average of the seasonally adjusted annual rate of construction put in place, residential and nonresidential, private and public.

What it means: Construction spending fell 1.4%, the fifth straight quarterly decline.

Source: U.S. Census Bureau, via FRED (TTLCONS)

M&A: Number of Transactions in North America

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
5,367	4,939	+428	▲ Up	Favorable	Q1 2026



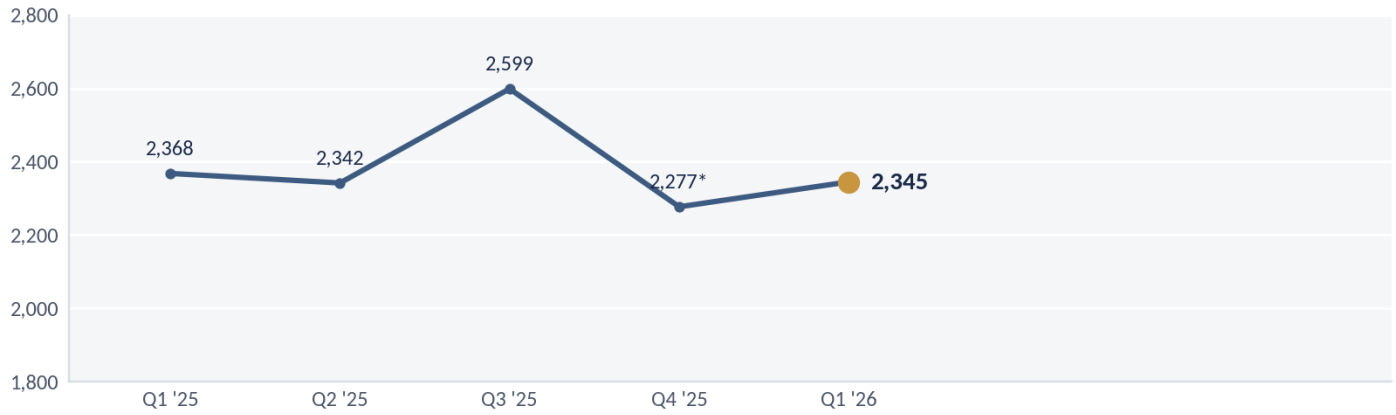
What it measures: Number of announced M&A transactions involving North American targets (U.S., Canada, Mexico), as tracked by the Institute for Mergers, Acquisitions & Alliances.

What it means: Deal count reached 5,367, the most since Q4 2022, and disclosed value held near $1.0 trillion.

Source: Institute for Mergers, Acquisitions & Alliances (IMAA), Capital IQ data

Small Business Sales (BizBuySell Insight Report)

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
2,345	2,277*	+68	▲ Up	Favorable	Q1 2026



What it measures: Closed sales of small businesses reported by brokers to BizBuySell each quarter, with median sale price and average cash-flow (SDE) multiple. This deal market is the one most relevant to owners of smaller, privately held companies.

What it means: Small-business sales rose 3% from Q4 to 2,345; BizBuySell attributed part of the gain to deals delayed by the Q4 government shutdown. The median sale price held at $350,000, and the average cash-flow multiple rose 3% from a year earlier to 2.7x.

Source: BizBuySell Insight Report (quarterly); Q4 2025 count derived from the 2025 annual total

Sector Lens: Healthcare, Construction, and Manufacturing

The national indicators set the backdrop. These six readings show how the quarter looked inside the three industries where Black Diamond CFO Solutions focuses.

Sector	Indicator	Latest	What it means	Sentiment
Healthcare	Medicare physician fee schedule (CY 2026)	**$33.40 / $33.57**	Non-APM / qualifying APM conversion factors include a one-year 2.5% statutory increase that expires after 2026.	Neutral
Healthcare	Ambulatory health care employment	**+1.9% YoY**	9.18 million jobs in March, up 172,000 from a year earlier.	Favorable
Construction	AIA Architecture Billings Index (March)	**49.8**	Closest reading to 50 since early 2023; scores below 50 mean more firms reported declining billings.	Neutral
Construction	Construction input prices (February)	**+3.1% YoY**	Prices rose at a 12.6% annualized pace in January–February on oil, copper, lumber, and steel.	Unfavorable
Manufacturing	ISM Manufacturing PMI (March)	**52.7**	Third straight month of expansion after 2025 contraction; the February prices index reached 70.5, the highest since June 2022.	Favorable
Manufacturing	Manufacturing business sales (BizBuySell Q1)	**+16% YoY**	Manufacturing deals rose 16% while the median sale price fell 23% to $775,000 as smaller companies traded.	Favorable

Sources: CMS (CY 2026 PFS conversion factors, as stated in the CY 2027 proposed rule fact sheet); BLS via FRED (CES6562100001); AIA/Deltek; Associated Builders and Contractors analysis of BLS PPI; Institute for Supply Management; BizBuySell.

Methodology and Data Notes

- Quarterly values for monthly and daily series equal the average of the observations in the quarter. Growth measures compare that average with the prior quarter. GDP growth is BEA's seasonally adjusted annual rate.
- Figures reflect the most recent revised data available as of October 2026, including BEA's September 30 annual GDP revision, so some values differ from first-published estimates.
- Unemployment history aligns each value with its BLS reference quarter. Consumer sentiment is the University of Michigan index; wage growth is the BLS Employment Cost Index for wages and salaries.
- SOFR is the quarterly average of the New York Fed's daily rate. Bank lending standards come from the Federal Reserve survey conducted in the first month of each quarter.
- NFIB optimism values are quarterly averages of monthly readings. The BizBuySell Q4 2025 count equals the reported 2025 annual total less the three reported quarters; BizBuySell publishes quarterly counts in individual releases, and this edition charts the reported quarters from Q1 2025.
- IMAA publishes North American M&A data with a lag; this edition uses its latest release (Q1 2026). Industrial production for 2026 reflects the Federal Reserve's September 2026 release; earlier quarters reflect a prior vintage.

About Black Diamond CFO Solutions

Black Diamond CFO Solutions provides fractional CFO services to small and lower middle-market companies that have outgrown basic accounting but do not yet need a full-time CFO. We translate economic signals into practical financial reporting, forecasting, cash and treasury management, and capital-structure guidance, with deep experience in healthcare, real estate and construction, manufacturing and distribution, and professional services. We produce Macro Pulse quarterly as a value-add for clients and partners.

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Data in this report come from publicly available sources (BEA, BLS, the Federal Reserve Board, the Federal Reserve Bank of New York, U.S. Census Bureau, FRED, University of Michigan, NFIB, IMAA, BizBuySell, CMS, AIA, ABC, and ISM) and are provided for informational purposes only. They do not constitute investment, tax, or legal advice. Past performance of economic indicators does not guarantee future outcomes; always combine macro context with company-specific analysis.
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